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C O N F I D E N T I A L SECTION 01 OF 03 KIEV 002461

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E.O. 12958: DECL: 06/22/2016

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SUBJECT: UKRAINE: COALITION OF DEMOCRATIC FORCES FINALLY
CREATES A PARLIAMENTARY MAJORITY, PERSONNEL TBD

REF: KIEV 2436

Classified By: Charge d'Affaires a.i., for reasons 1.4 (b) and (d).

Summary

11. (C) Nearly three months after the March 26 elections, Yuliya Tymoshenko's Bloc (BYuT), Our Ukraine (OU), and the Socialist Party (SPU) finally created a parliamentary majority of the "Coalition of Democratic Forces" mid-day June 22 by presenting a coalition agreement with the signatures of 239 MPs, 13 more than the 226 required. There was no vote, however, on a possible Rada Speaker or Prime Minister. Outraged Regions MPs, who had been confidently predicting earlier June 22 that there would be no Orange Coalition, sputtered on their way out of the building on the way to a war session back at party HQ (septel). The Rada then recessed until June 27, when the coalition parties hope to shepherd a vote to approve nominations for Prime Minister and Rada Speaker, followed later in the week by nominations for the rest of the Cabinet of Ministers and appointments of Rada Committee Chairs. The coalition agreement stipulates a no veto policy on personnel selections; parties have the right to select their own nominees to the assigned positions within their quotas. The entire parliamentary majority will caucus June 23 to discuss the way forward and seek to heal some of the divisiveness of the campaign and negotiations.

12. (C) A coalition briefing to the diplomatic corps late June 22 made clear that Our Ukraine has still not decided on whom its Speaker nominee will be. Two names have been forwarded by constituent parties--People's Union Our Ukraine's Petro Poroshenko, and the Industrialists and Entrepreneurs' Party's (IEP) Anatoliy Kinakh--but neither the Our Ukraine political council nor the OU faction have discussed/approved the position. That will occur early June 23; two members of the seven-man OU Political Council did not rule out the possibility of another name emerging. Acting FM Tarasyuk later explained to us that fuzzy language in the coalition document on NATO notwithstanding, the coalition had agreed that the new PM will write a letter to NATO countries on behalf of the new government clearly restating Ukraine's Euro-Atlantic policy and desire for a Membership Action Plan in 2006.

3, (C) Comment: the "Coalition of Democratic Forces" succeeded in forming a Rada majority June 22, but until a PM, Cabinet, and Rada leadership are approved, it is too early to say that the coalition is fully operational. The open question upon which many, including coalition members, are already speculating is how long it will last in office. That said, coalition members will be under pressure to make the coalition work and produce results. End Summary and Comment.

Finally: a Rada majority forms

¶4. (SBU) June 22 began inauspiciously as usual for Team Orange at the Rada. Shortly after the session opened, with most of OU's MPs not on the floor, the BYuT representative on the provisional presidium, deputy leader Oleksandr Turchynov, was forced to ask for a short break to allow OU to "finish gathering signatures" for the coalition agreement document. (Note: OU and SP sources told us that Kinakh's faction MPs had refused to sign the agreement, as they wanted Kinakh to serve as the new Rada Speaker, and not Poroshenko.) Following the break, Tymoshenko herself strode to the rostrum, bathed in camera flashes, to announce triumphantly that a "Coalition of Democratic Forces" had been formed with 239 MP signatures on the coalition document, adding with a dramatic flourish: "Glory to Ukraine!"

Regions Lands A Punch On Yuliya...

¶5. (U) Regions MP Oleksandr Yefremov, the former governor of Luhansk Oblast, followed Tymoshenko at the podium and blasted the Orange coalition. At times pounding the podium with his fist, Yefremov bellowed that the coalition would not take care of the people of eastern Ukraine, who had largely voted for Regions. In a reference to a much-publicized incident during January's severe cold snap, Yefremov blamed the Yushchenko administration for "letting the people of Alchevesk freeze" rather than allocate money needed to repair the city's dilapidated central heating system. "We have no faith in your coalition," he said, wagging his finger at Tymoshenko. Yefremov's comments were seconded by Communist Party leader Petro Symonenko, who chided Tymoshenko for agreeing to allow Poroshenko to serve as Rada Speaker, noting -- to the cheers of Communist and Regions MPs -- that "last

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year, you called him the most corrupt person in Ukraine."

...She Still Knocks Them To The Canvas...

¶6. (U) A visibly angry Tymoshenko returned to the podium to pound Yefremov, calling him a crook "who stole money" allocated for updating Alchevesk's heating system. Looking directly at the Regions contingent, she said that under her new government "bandits will sit in jail, not in ministerial chairs." Shifting her focus to the BYuT and OU contingents, she urged the coalition parties "to be very careful" about who was nominated to fill ministerial positions, specifically asking her colleagues not to nominate "people who will only enrich themselves." As Regions MPs whistled and catcalled, she snapped back at them that "I'm not talking to you, I'm talking to the people" who will fill the senior positions in the coalition government.

...And Then Has Turchynov Offer An Olive Branch

¶6. (SBU) Following a series of breaks to allow the Rada Secretariat to verify the 239 MP signatures on the coalition

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agreement, some of which Regions MPs argued were forged, the rotating chairman of today's session, Communist MP Adam Martynyuk, announced that the Rada Secretariat had confirmed that 239 MPs had signed the coalition agreement and that it was therefore legal and valid. A subdued Turchynov then took to the podium to ask the Rada to vote on adjourning until June 27 at 10:00; the new coalition needed time to prepare for votes on key government positions, he explained. In sharp contrast to Tymoshenko's morning hostility towards Regions, Turchynov, looking directly at the Regions contingent, invited them to open a dialogue with the new coalition about which government and Rada posts Regions wanted to control. Slipping in one last dig, though, before the session closed, Turchynov chortled that Regions "failed

to form a coalition with bribery and threats!" Regions MPs were spitting venom as they rushed out of the Rada to an emergency war session at party headquarters nearby (septel).

What next? Coalition Caucuses and Personnel Choices

17. (SBU) Acting FM and OU Political Council member Tarasyuk chaired a coalition briefing for the diplomatic corps late July 22, introducing BYuT Foreign Policy Adviser Hrihoriy Nemyria, OU Party Secretary Roman Zvarych, and SPU MP Shybko in turn. Highlights of the coalition agreement will be reported septel. The main conclusions and the way forward follow:

-- there will be a full coalition caucus meeting at the Rada June 23 of all MPs in the three parties forming the parliamentary majority.

-- The coalition agreement allots only positions to the three parties; there are no individuals named.

-- That said, everyone understands that Tymoshenko will be PM.

-- No party has a veto over the other two parties' selections.

-- Our Ukraine (the bloc, the faction) has not yet determined who its choice to fill the Speaker Slot will be. The Political Council of Yushchenko's People's Union Our Ukraine, which controls 40 of the 81 OU MPs, chose Poroshenko as its nominee June 21 (reftel), but IEP nominated its leader Kinakh. Neither the OU faction nor the bloc's political council has met to discuss who will be the approved OU Speaker nominee, according to Tarasyuk, who sits on the latter council as Rukh Party leader, but they would meet June 23 prior to the full coalition caucus meeting to discuss the matter. Tarasyuk and Zvarych -- also on the council as party and bloc Secretary -- did not rule out another candidate emerging.

-- Notwithstanding the no veto principle, Zvarych acknowledged the Speaker role would come up in the wider coalition discussion June 23 (note: SPU leader Moroz had stated from the Rada floor that Poroshenko as Speaker was not a done deal).

-- The coalition hoped for a vote on both PM and Speaker Tuesday June 27 when the Rada reconvenes.

-- Ideally, that would be followed by a vote June 29 on other Cabinet nominees. Those nominees would likely come in two batches: those whose names are proposed by the PM, and the two (Foreign Affairs and Defense Ministers) proposed by

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President Yushchenko.

-- Once the Cabinet is set, Rada Committee Chairs would be selected, perhaps June 30, to allow the Rada to start substantive work on legislation in committee.

Gwaltney